

KappAhl



PRESS RELEASE

October 10, 2011, 14.00 CET

Updated targets

The Board of Directors of KappAhl AB (publ) ("KappAhl") has resolved on a new share issue of approximately SEK 600 million with preferential right for the company's existing shareholders by a separate press release announced today. The new issue is carried out with the purpose of strengthening KappAhl's financial position which creates prerequisites for reducing debt. In a continuing uncertain market, a new share issue makes KappAhl better equipped for maintaining its strong market position.

In the light of changes in market conditions and to secure the long term growth potential, the Board of Directors has also made a decision to update the group's operational targets, financial targets and dividend policy according to below from the fiscal year 2011/12.

Operational targets

- The number of stores is to increase by 20-25 per year
- The operating margin is to amount to 10 percent from the fiscal year 2013/14 at the latest

Financial target

- Interest-bearing net debt is not to exceed, other than temporarily, three times the EBITDA

Dividend policy

- Dividend is to be 40-60% of the profit after tax provided that the group reaches the abovementioned financial target

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KappAhl is a leading Nordic fashion chain with more than 370 stores and 4 800 co-workers in Sweden, Norway, Finland, Poland and the Czech Republic. KappAhl designs, markets and sells value-for-money fashion and focus in particular on women 30-50 years of age. During the financial year 2010/2011, KappAhl had sales of close to SEK 5 billion, with an operating profit of SEK 222 million. KappAhl shares are listed on the Nasdaq OMX Stockholm. In 1999, KappAhl was the first fashion chain to receive environmental management standard certification. Further information is available at www.kappahl.com

KappAhl AB (publ) discloses the information provided here pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 10 October 2011 at 2.00 p.m.